

**APEX INTERNATIONAL CO., LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Apex International Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Apex International Co., Ltd. and its subsidiaries ("the Group") as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and notes of the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chun-I Chang and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)
November 9, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2023, December 31, 2022, and September 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2023		December 31, 2022		September 30, 2022				September 30, 2023		December 31, 2022		September 30, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
11xx	Current assets:							21xx	Current liabilities:						
1100	Cash and cash equivalents (notes 6(a) and 8)	\$ 712,113	4	714,266	4	653,474	3	2100	Short-term loans (notes 6(f), (i), 7, 8 and 9)	\$ 2,299,147	12	2,472,991	12	3,278,944	16
1110	Financial assets at fair value through profit or loss							2120	Financial liabilities at fair value through profit or loss— current (notes 6(a), (b) and 8)	43,717	-	12	-	7,779	-
	— current (notes 6(a), (b) and 8)	4,916	-	20,755	-	23,328	-		Accounts payable	1,980,652	11	2,083,281	11	1,978,015	10
1150	Notes receivable, net (notes 6(c) and (p))	3,099	-	156	-	185	-	2170	Other payables (note 6(q))	531,599	3	528,457	3	638,342	3
1170	Accounts receivable, net (notes 6(c) and (p))	2,958,484	16	3,952,037	20	4,448,071	22	2200	Payable for machinery and equipment	335,230	2	533,484	3	683,854	3
1200	Other receivables (note 6(d))	139,731	1	121,501	1	81,738	1	2213	Current tax liabilities	-	-	61,189	-	42,480	-
130x	Inventories (note 6(e))	2,739,891	15	3,098,039	15	3,492,112	17	2230	Current lease liabilities (notes 6(g) and (k))	46,373	-	45,042	-	37,399	-
1470	Other current assets	83,259	-	58,136	-	52,369	-	2280	Long-term borrowings, current portion (notes 6(a), (f), (j), 7 and 8)	2,324,568	13	1,400,452	7	1,124,082	6
	Total current assets	<u>6,641,493</u>	<u>36</u>	<u>7,964,890</u>	<u>40</u>	<u>8,751,277</u>	<u>43</u>	2322	Other current liabilities	42,309	-	60,188	-	80,676	1
15xx	Non-current assets:								Total current liabilities	<u>7,603,595</u>	<u>41</u>	<u>7,185,096</u>	<u>36</u>	<u>7,871,571</u>	<u>39</u>
1600	Property, plant and equipment (notes 6(f), (g), (h), (i), (j), 8 and 9)	11,364,684	61	11,480,481	57	10,902,976	54	2399	Non-Current liabilities:						
1755	Right-of-use asset (notes 6(f), (g) and (k))	141,888	1	149,934	1	121,947	1	25xx	Long-term loans (notes 6(a), (f), (j), 7 and 8)	3,610,842	20	4,575,831	23	4,469,832	23
1780	Intangible assets (notes 6(f) and (h))	190,552	1	205,841	1	167,610	1	2540	Deferred tax liabilities	41,664	-	42,229	-	57,038	-
1840	Deferred tax assets	35,784	-	35,997	-	31,429	-	2570	Non-current lease liabilities (notes 6(g) and (k))	99,072	1	107,713	1	86,943	1
1915	Prepayments for equipment (note 6(f))	157,546	1	158,966	1	155,281	1	2580	Long-term payable	11,712	-	18,921	-	53,750	-
1920	Refundable deposits	8,223	-	8,312	-	7,732	-	2612	Other non-current liabilities, others (note 6(l))	72,814	-	61,648	-	69,914	-
1980	Other financial assets— non-current (notes 6(a), (b), (j) and 8)	10,236	-	18,557	-	19,187	-	2670	Total non-current liabilities	<u>3,836,104</u>	<u>21</u>	<u>4,806,342</u>	<u>24</u>	<u>4,737,477</u>	<u>24</u>
	Total non-current assets	<u>11,908,913</u>	<u>64</u>	<u>12,058,088</u>	<u>60</u>	<u>11,406,162</u>	<u>57</u>	2xxx	Total liabilities	<u>11,439,699</u>	<u>62</u>	<u>11,991,438</u>	<u>60</u>	<u>12,609,048</u>	<u>63</u>
								31xx	Equity attributable to owners of the Company (note 6(n)):						
								3110	Common stock	1,899,380	10	1,899,380	10	1,899,380	9
								3200	Capital surplus	2,405,304	13	2,405,512	12	2,405,512	12
								3300	Retained earnings	3,449,908	19	4,265,773	21	4,213,652	21
								3410	Exchange differences on translation of foreign financial statements	(675,388)	(4)	(572,465)	(3)	(1,001,397)	(5)
									Total equity attributable to owners of the Company	<u>7,079,204</u>	<u>38</u>	<u>7,998,200</u>	<u>40</u>	<u>7,517,147</u>	<u>37</u>
								36xx	Non-controlling interests	31,503	-	33,340	-	31,244	-
								3xxx	Total equity	<u>7,110,707</u>	<u>38</u>	<u>8,031,540</u>	<u>40</u>	<u>7,548,391</u>	<u>37</u>
1xxx	Total assets	<u>\$ 18,550,406</u>	<u>100</u>	<u>20,022,978</u>	<u>100</u>	<u>20,157,439</u>	<u>100</u>	2-3xxx	Total liabilities and equity	<u>\$ 18,550,406</u>	<u>100</u>	<u>20,022,978</u>	<u>100</u>	<u>20,157,439</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the three months ended September 30				For the nine months ended September 30					
	2023		2022		2023		2022			
	Amount	%	Amount	%	Amount	%	Amount	%		
4000	Operating revenue (note 6(p))		\$ 3,096,600	100	3,199,090	100	9,543,104	100	11,315,370	100
5000	Operating costs (notes 6(e), (f), (g), (h), (k), (l) and 12)		<u>2,827,268</u>	<u>91</u>	<u>2,660,676</u>	<u>83</u>	<u>8,613,417</u>	<u>90</u>	<u>9,025,656</u>	<u>80</u>
5900	Gross profit from operations		<u>269,332</u>	<u>9</u>	<u>538,414</u>	<u>17</u>	<u>929,687</u>	<u>10</u>	<u>2,289,714</u>	<u>20</u>
6000	Operating expenses (notes 6(c), (f), (g), (h), (k), (l), (n), (q), 7 and 12):									
6188	Selling expenses		189,243	6	231,501	7	636,201	7	731,784	7
6200	Administrative expenses		192,770	6	166,518	5	585,178	6	549,983	5
6300	Research and development expenses		15,153	1	10,560	-	44,420	-	40,922	-
6450	Expected credit loss (reversal of expected credit loss)		<u>2,864</u>	<u>-</u>	<u>21,326</u>	<u>1</u>	<u>(28,367)</u>	<u>-</u>	<u>44,959</u>	<u>-</u>
	Total operating expenses		<u>400,030</u>	<u>13</u>	<u>429,905</u>	<u>13</u>	<u>1,237,432</u>	<u>13</u>	<u>1,367,648</u>	<u>12</u>
6900	Operating income (loss)		<u>(130,698)</u>	<u>(4)</u>	<u>108,509</u>	<u>4</u>	<u>(307,745)</u>	<u>(3)</u>	<u>922,066</u>	<u>8</u>
7000	Non-operating income and expenses (notes 6(b), (f), (g), (k) and (r)):									
7100	Interest income		283	-	348	-	1,890	-	593	-
7010	Other income		10,880	-	2,385	-	38,606	-	25,332	-
7020	Other gains and losses		13,774	-	33,300	1	31,893	-	63,265	1
7050	Finance costs		<u>(75,051)</u>	<u>(2)</u>	<u>(47,124)</u>	<u>(2)</u>	<u>(202,256)</u>	<u>(2)</u>	<u>(102,891)</u>	<u>(1)</u>
	Total non-operating income and expenses		<u>(50,114)</u>	<u>(2)</u>	<u>(11,091)</u>	<u>(1)</u>	<u>(129,867)</u>	<u>(2)</u>	<u>(13,701)</u>	<u>-</u>
7900	Profit (loss) from continuing operations before tax		<u>(180,812)</u>	<u>(6)</u>	<u>97,418</u>	<u>3</u>	<u>(437,612)</u>	<u>(5)</u>	<u>908,365</u>	<u>8</u>
7951	Less: Income tax expenses (note 6(m))		<u>2</u>	<u>-</u>	<u>39,299</u>	<u>1</u>	<u>12</u>	<u>-</u>	<u>71,870</u>	<u>1</u>
8200	Profit (loss)		<u>(180,814)</u>	<u>(6)</u>	<u>58,119</u>	<u>2</u>	<u>(437,624)</u>	<u>(5)</u>	<u>836,495</u>	<u>7</u>
8300	Other comprehensive income:									
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361	Exchange differences on translation of foreign financial statements		12,501	-	(58,310)	(2)	(103,333)	(1)	47,793	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total of components of other comprehensive income that will be reclassified to profit or loss		<u>12,501</u>	<u>-</u>	<u>(58,310)</u>	<u>(2)</u>	<u>(103,333)</u>	<u>(1)</u>	<u>47,793</u>	<u>-</u>
8300	Other comprehensive income (loss)		<u>12,501</u>	<u>-</u>	<u>(58,310)</u>	<u>(2)</u>	<u>(103,333)</u>	<u>(1)</u>	<u>47,793</u>	<u>-</u>
8500	Total comprehensive income (loss)		<u>\$ (168,313)</u>	<u>(6)</u>	<u>(191)</u>	<u>-</u>	<u>(540,957)</u>	<u>(6)</u>	<u>884,288</u>	<u>7</u>
	Profit (loss) attributable to:									
8610	Owners of the Company		\$ (180,130)	(6)	57,845	2	(435,989)	(5)	832,852	7
8620	Non-controlling interests		<u>(684)</u>	<u>-</u>	<u>274</u>	<u>-</u>	<u>(1,635)</u>	<u>-</u>	<u>3,643</u>	<u>-</u>
			<u>\$ (180,814)</u>	<u>(6)</u>	<u>58,119</u>	<u>2</u>	<u>(437,624)</u>	<u>(5)</u>	<u>836,495</u>	<u>7</u>
	Comprehensive income (loss) attributable to:									
8710	Owners of the Company		\$ (167,680)	(6)	(240)	-	(538,912)	(6)	880,424	7
8720	Non-controlling interests		<u>(633)</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>(2,045)</u>	<u>-</u>	<u>3,864</u>	<u>-</u>
			<u>\$ (168,313)</u>	<u>(6)</u>	<u>(191)</u>	<u>-</u>	<u>(540,957)</u>	<u>(6)</u>	<u>884,288</u>	<u>7</u>
	Earnings (deficits) per share (expressed in New Taiwan dollars) (note 6(o))									
9750	Basic earnings (deficits) per share		<u>\$ (0.95)</u>		<u>0.30</u>		<u>(2.30)</u>		<u>4.38</u>	
9850	Diluted earnings (deficits) per share		<u>\$ (0.95)</u>		<u>0.30</u>		<u>(2.30)</u>		<u>4.38</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)****Equity attributable to owners of parent**

	Common stock	Capital surplus	Retained earnings		Total	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Special reserve	Unappropriated retained earnings					
Balance at January 1, 2022	\$ 1,899,380	2,405,512	300,256	3,840,296	4,140,552	(1,048,969)	7,396,475	33,206	7,429,681
Appropriation and distribution of retained earnings:									
Special reserve appropriated	-	-	748,713	(748,713)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(759,752)	(759,752)	-	(759,752)	-	(759,752)
Profit	-	-	-	832,852	832,852	-	832,852	3,643	836,495
Other comprehensive income	-	-	-	-	-	47,572	47,572	221	47,793
Total comprehensive income	-	-	-	832,852	832,852	47,572	880,424	3,864	884,288
Cash dividends distributed to non-controlling interests by the subsidiaries	-	-	-	-	-	-	-	(5,826)	(5,826)
Balance at September 30, 2022	<u>\$ 1,899,380</u>	<u>2,405,512</u>	<u>1,048,969</u>	<u>3,164,683</u>	<u>4,213,652</u>	<u>(1,001,397)</u>	<u>7,517,147</u>	<u>31,244</u>	<u>7,548,391</u>
Balance at January 1, 2023	\$ 1,899,380	2,405,512	1,048,969	3,216,804	4,265,773	(572,465)	7,998,200	33,340	8,031,540
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary share	-	-	-	(379,876)	(379,876)	-	(379,876)	-	(379,876)
Loss	-	-	-	(435,989)	(435,989)	-	(435,989)	(1,635)	(437,624)
Other comprehensive income (loss)	-	-	-	-	-	(102,923)	(102,923)	(410)	(103,333)
Total comprehensive income (loss)	-	-	-	(435,989)	(435,989)	(102,923)	(538,912)	(2,045)	(540,957)
Changes in ownership interests in subsidiaries	-	(208)	-	-	-	-	(208)	208	-
Balance at September 30, 2023	<u>\$ 1,899,380</u>	<u>2,405,304</u>	<u>1,048,969</u>	<u>2,400,939</u>	<u>3,449,908</u>	<u>(675,388)</u>	<u>7,079,204</u>	<u>31,503</u>	<u>7,110,707</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ (437,612)	908,365
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	973,759	778,757
Amortization expense	19,412	13,464
Expected credit loss (reversal of expected credit loss)	(28,367)	44,959
Interest expense	202,256	102,891
Interest income	(1,890)	(593)
Loss (gain) on disposal of property, plant and equipment	(2,708)	24,780
Valuation losses (gains) on financial assets or liabilities, net	48,494	(46,037)
Loss (gain on reversal) of impairment on non-financial assets	12,095	(13,642)
Gain on lease modification	-	(336)
Total adjustments to reconcile profit (loss)	<u>1,223,051</u>	<u>904,243</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	43,518	39,773
Notes receivable	(2,943)	(185)
Accounts receivable	1,021,920	(162,200)
Other receivables	(18,230)	119,845
Inventories	358,148	245,850
Other current assets	(25,123)	73,573
Total changes in operating assets	<u>1,377,290</u>	<u>316,656</u>
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(31,481)	(4,322)
Accounts payable	(102,629)	(1,559,409)
Other payables	2,946	65,444
Other current liabilities	(17,879)	8,745
Other non-current liabilities	11,166	8,189
Total changes in operating liabilities	<u>(137,877)</u>	<u>(1,481,353)</u>
Total changes in operating assets and liabilities	<u>1,239,413</u>	<u>(1,164,697)</u>
Total adjustments	<u>2,462,464</u>	<u>(260,454)</u>
Cash inflow generated from operations	2,024,852	647,911
Interest received	1,890	593
Interest paid	(202,060)	(99,834)
Income taxes paid	(61,942)	(50,743)
Net cash flows from operating activities	<u>1,762,740</u>	<u>497,927</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(1,032,285)	(1,618,579)
Proceeds from disposal of property, plant and equipment	26,687	805
Decrease in refundable deposits	89	79
Acquisition of intangible assets	(3,643)	(7,091)
Decrease (increase) in other financial assets—non-current	8,321	(10,981)
Increase in prepayments for equipment	(186,754)	(244,231)
Net cash flows used in investing activities	<u>(1,187,585)</u>	<u>(1,879,998)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(148,333)	751,610
Proceeds from long-term loans	2,077,996	2,375,684
Repayments of long-term loans	(2,051,417)	(931,493)
Payment of lease liabilities	(37,812)	(34,691)
Cash dividends paid	(379,876)	(759,752)
Cash dividends distributed to non-controlling interests	-	(5,826)
Net cash flows from (used in) financing activities	<u>(539,442)</u>	<u>1,395,532</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(37,866)</u>	<u>(20,361)</u>
Net decrease in cash and cash equivalents	<u>(2,153)</u>	<u>(6,900)</u>
Cash and cash equivalents at beginning of period	<u>714,266</u>	<u>660,374</u>
Cash and cash equivalents at end of period	<u>\$ 712,113</u>	<u>653,474</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Apex International Co., Ltd. (the "Company") was established in the Cayman Islands on October 28, 2009. The main purpose of the establishment, which resulted from organizational restructuring, was to apply for emerging stock registration on the Taipei Exchange ("TPEX") in the Republic of China. After restructuring, the Company became the holding company of Apex Circuit (Thailand) Co., Ltd. ("APT"), which is located in Thailand, and became a listed company on the TPEX in the Republic of China ("R.O.C.") on October 18, 2011. The Company then changed its listing from the TPEX to the Taiwan Stock Exchange ("TWSE") in the R.O.C. on September 8, 2015. APT mainly manufactures and sells electronic printed circuit boards. For the related information, please refer to note 14 of the consolidated financial statements. The Company and its subsidiaries are hereinafter referred to as the Group.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on November 9, 2023.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of adopting the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS endorsed by the FSC but not yet effective

The Group's adoption of the new amendments, effective for annual period beginning on January 1, 2024, are expected to have the following impacts:

- (i) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" and "Non-current Liabilities with Covenants"

Under existing IAS 1 requirements, entities classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now require that a right to defer settlement must exist at the reporting date and have substance.

The amendments clarify the classification of liabilities is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement or will choose to settle early. An entity will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to an entity complying with covenants specified in a loan arrangement. The amendments specify only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the entity must comply after the reporting date (i.e., future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, entities will now need to disclose additional information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how an entity classifies a liability that can be settled in its own shares – e.g. convertible debt. When a liability includes a counterparty conversion option that involves a transfer of the entity's own equity instruments, the conversion option is recognised as either equity or a liability separately from the host liability under IAS 32 Financial Instruments: Presentation. The amendments have now clarified that when an entity classifies the host liability as current or non-current, it can ignore only those conversion options that are recognised as equity.

The Group may need to change the liquidity classification of loans and convertible bonds and is evaluating the impact of its initial adoption of the amendments on its consolidated financial position.

- (ii) Other amendments

The following amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS 21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee ("IFRIC") and Standing Interpretations Committee ("SIC") Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For related information, please refer to note 4 for more details.

- (b) Basis of consolidation

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2022.

List of subsidiaries in the consolidated financial statements is as follows:

Name of investor	Name of subsidiary	Business activities	Percentage of ownership (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Apex Circuit (Thailand) Co., Ltd. (APT)	PCB manufacturing and sales	99.60 %	99.58 %	99.58 %	(Note1)
The Company	Approach Excellence Trading Ltd. (incorporated in British Virgin Islands) (AET)	Supply chain integration	100.00 %	100.00 %	100.00 %	
APT	Shye Feng Enterprise (Thailand) Co., Ltd. (APS)	PCB manufacturing and sales	99.99 %	99.99 %	99.99 %	

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Business activities	Percentage of ownership (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
APT	Apex IPO (Dong Guan) Ltd. (APC)	Supply chain integration	100.00 %	100.00 %	100.00 %	(Note2)
APS	Shye Feng (Singapore) Pte. Ltd. (APSS)	PCB sales development	100.00 %	100.00 %	100.00 %	

Note 1: The Company's Board of Directors resolved to participate in APT's capital increase and issuance of new shares on February 28, 2023. APT plans to issue 8,000 thousand shares at THB 62.5 per share, with a par value of THB 10 per share. As the minority shareholding waived its subscription, the Company subscribed the entire new shares issued and made the full payment on March 31, 2023. APT completed the registration of new shares with the local government on April 4, 2023.

Note 2: APT invested CNY 7,000 thousand into APC in 2022.

Subsidiaries which are not included in the consolidated financial statements: None.

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year and adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following, the preparation of the consolidated financial statements are in conformity with the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash	\$ 1,541	1,521	1,553
Demand deposits	679,112	637,507	573,559
Checking deposits	15,384	13,822	5,353
Time deposits	<u>16,076</u>	<u>61,416</u>	<u>73,009</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 712,113</u>	<u>714,266</u>	<u>653,474</u>

Reserve account deposits that are not highly liquid and cannot be readily converted to a known amount of cash, or the values of which are subject to fluctuation, are listed under other financial assets – non-current as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Restricted bank deposit	<u>\$ 10,236</u>	<u>18,577</u>	<u>19,187</u>

Please refer to note 8 for more information on the collateral for derivative instruments not used for hedging and long-term loans.

(b) Financial assets and liabilities at fair value through profit or loss

(i) Financial assets at fair value through profit or loss – Current

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	<u>\$ 4,916</u>	<u>20,755</u>	<u>23,328</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liabilities at fair value through profit or loss – Current

	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ <u>43,717</u>	<u>12</u>	<u>7,779</u>

Please refer to note 6(r) for the amounts recognized in the consolidated statements of comprehensive income that resulted from remeasurement at fair value.

The Group uses derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to arising from its operating, financing, and investing activities. As these derivative financial instruments did not qualify for hedge accounting, the Group held the following derivative financial instruments as held-for-trading financial assets (liabilities) as of September 30, 2023, December 31, 2022, and September 30, 2022.

Forward exchange contracts:

September 30, 2023					
	Amount	Currency	Maturity dates	Fair value of assets	(liabilities)
	(in thousands)			\$	
Forward exchange purchased	USD 2,541	USD to THB	2023.11.24	\$	<u>4,916</u>
Forward exchange sold	CNY 500	CNY to THB	2023.10.26	\$	(23)
Forward exchange sold	USD 25,800	USD to THB	2023.10.2 ~2023.11.6		(43,694)
				\$	<u>(43,717)</u>
December 31, 2022					
	Amount	Currency	Maturity dates	Fair value of assets	(liabilities)
	(in thousands)			\$	
Forward exchange sold	USD 14,000	USD to THB	2023.1.3 ~2023.2.27	\$	<u>20,755</u>
Forward exchange sold	USD 1,000	USD to THB	2023.2.17	\$	<u>(12)</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2022					
	<u>Amount</u>				<u>Fair value of</u>
	<u>(in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>		<u>assets</u>
					<u>(liabilities)</u>
Forward exchange purchased	USD 15,504	USD to THB	2022.10.26 ~2023.3.15	\$	22,962
Forward exchange sold	USD 1,000	USD to THB	2022.10.26 ~2023.3.15		366
					<u>23,328</u>
Forward exchange sold	USD 8,000	USD to THB	2022.10.27 ~2022.12.6	\$	<u>(7,779)</u>

Please refer to note 8 for more information on the collateral for derivative instruments not used for hedging.

(c) Notes receivable and accounts receivable

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
Notes receivable	\$ 3,099	156	185
Accounts receivable	3,028,682	4,051,340	4,540,495
Less: allowance for bad debt	<u>(70,198)</u>	<u>(99,303)</u>	<u>(92,424)</u>
	<u>\$ 2,961,583</u>	<u>3,952,193</u>	<u>4,448,256</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on the regions that customers stand for, shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomics and relevant industry information.

The Group's analyses of the expected credit loss on its accounts receivable in the regions of Taiwan and Mainland China were as follows:

September 30, 2023			
	<u>Gross carrying</u>	<u>Weighted</u>	<u>Loss allowance</u>
	<u>amount</u>	<u>average loss</u>	<u>provision</u>
		<u>rate (%)</u>	
Not yet due	\$ 296,069	0.77	2,268
Past due 1~30 days	81,939	3.49	2,862
Past due 31~60 days	24,459	10.02	2,451
Past due 61~90 days	160	23.75	38
Past due over 180 days	<u>9,840</u>	100.00	<u>9,840</u>
	<u>\$ 412,467</u>		<u>17,459</u>

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 463,229	0.60	2,785
Past due 1~30 days	66,975	2.83	1,897
Past due 31~60 days	15,360	9.42	1,447
Past due 61~90 days	13,345	17.47	2,332
Past due 91~120 days	4,629	40.22	1,862
Past due 121~180 days	10,359	64.61	6,693
Past due over 180 days	6,299	100.00	6,299
	\$ 580,196		23,315

	September 30, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 510,774	0.58	2,937
Past due 1~30 days	104,710	2.40	2,511
Past due 31~60 days	90,854	9.02	8,191
Past due 61~90 days	9,597	16.42	1,576
Past due 91~120 days	7,800	38.42	2,997
Past due 121~180 days	10,402	63.37	6,592
	\$ 734,137		24,804

The Group's analyses of the expected credit loss on its accounts receivable in the regions of Japan and Korea were as follows:

	September 30, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 338,492	-	-
Past due 1~30 days	26,587	-	-
Past due 31~60 days	14,842	-	-
Past due 61~90 days	119	-	-
	\$ 380,040		-

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 252,817	-	-
Past due 1~30 days	60,721	-	-
Past due 31~60 days	3,139	-	-
Past due 61~90 days	6,903	-	-
	\$ 323,580		-

	September 30, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 298,832	-	-
Past due 1~30 days	22,444	-	-
Past due 31~60 days	6,640	0.02	1
Past due 91~120 days	395	27.34	108
	\$ 328,311		109

The Group's analyses of the expected credit loss on its accounts receivable in the region of India were as follows:

	September 30, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	\$ 2,047	100.00	2,047

	December 31, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	\$ 2,033	100.00	2,033

	September 30, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	\$ 2,107	100.00	2,107

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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The Group's analyses of the expected credit loss on its notes receivable and accounts receivable in other Asian region were as follows:

	September 30, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,388,023	-	-
Past due 1~30 days	237,620	-	-
Past due 31~60 days	18,272	-	-
Past due 61~90 days	1,794	-	-
Past due 91~120 days	2,914	0.07	2
	\$ 1,648,623		2

The accounts receivable above did not contain all the amounts that the Group has for a specific client. As the uncertainty of receiving such accounts receivable, the Group has fully recognized loss allowance of the total amount. Therefore, it is not included into expected credit loss calculation, and the total amount was \$40,103 thousand.

	December 31, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,512,263	0.01	90
Past due 1~30 days	216,696	0.01	29
Past due 31~60 days	9,473	-	-
Past due 61~90 days	23,918	-	-
Past due over 180 days	175	100.00	175
	\$ 1,762,525		294

The accounts receivable above did not contain all the amounts that the Group has for a specific client. As the uncertainty of receiving such accounts receivable, the Group has fully recognized loss allowance of the total amount. Therefore, it is not included into expected credit loss calculation, and the total amount was \$38,411 thousand.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,658,022	0.01	94
Past due 1~30 days	293,960	-	10
Past due 31~60 days	11,497	-	-
Past due 61~90 days	557	-	-
Past due 91~120 days	2,130	14.98	319
Past due over 180 days	2,878	100.00	2,878
	\$ 1,969,044		3,301

The accounts receivable above did not contain all the amounts that the Group has for a specific client. As the uncertainty of receiving such accounts receivable, the Group has fully recognized loss allowance of the total amount. Therefore, it is not included into expected credit loss calculation, and the total amount was \$39,835 thousand.

The Group's analyses of the expected credit loss on its accounts receivable in the Western region (Europe and America) were as follows:

	September 30, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 440,699	0.74	3,262
Past due 1~30 days	76,941	5.51	4,243
Past due 31~60 days	7,893	7.97	629
Past due 61~90 days	22,650	10.59	2,399
Past due 91~120 days	318	16.98	54
	\$ 548,501		10,587

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,024,361	0.74	7,552
Past due 1~30 days	123,526	5.49	6,779
Past due 31~60 days	82,242	7.96	6,546
Past due 61~90 days	102,196	10.65	10,887
Past due 91~120 days	7,561	18.33	1,386
Past due 121~180 days	4,254	35.00	1,489
Past due over 180 days	611	100.00	611
	\$ 1,344,751		35,250
	September 30, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,084,507	0.21	2,236
Past due 1~30 days	232,211	0.74	1,727
Past due 31~60 days	75,317	2.19	1,650
Past due 61~90 days	11,917	4.41	526
Past due 91~120 days	3,025	12.93	391
Past due 121~180 days	60,248	26.09	15,717
Past due over 180 days	21	100.00	21
	\$ 1,467,246		22,268

The movements in the allowance for losses of accounts receivable were as follows:

	For the nine months ended September 30	
	2023	2022
Balance at the beginning	\$ 99,303	47,187
Loss (gain on reversal) of impairment	(28,367)	44,959
Foreign exchange losses	(738)	278
Balance at the ending	\$ 70,198	92,424

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables	\$ <u>139,731</u>	<u>121,501</u>	<u>81,738</u>

The Group did not have any past due other receivables as of September 30, 2023, December 31, 2022, and September 30, 2022.

For more information on credit risk, please refer to note 6(s).

(e) Inventories

	September 30, 2023		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 804,251	(118,856)	685,395
Work in process	395,816	(9,329)	386,487
Finished goods	1,154,125	(192,124)	962,001
Supplies and spare parts	691,564	(66,070)	625,494
Goods in transit	75,333	-	75,333
Merchandise inventory	<u>5,181</u>	<u>-</u>	<u>5,181</u>
Total	<u>\$ 3,126,270</u>	<u>(386,379)</u>	<u>2,739,891</u>
	December 31, 2022		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 1,172,081	(115,254)	1,056,827
Work in process	384,176	(10,672)	373,504
Finished goods	1,029,676	(169,140)	860,536
Supplies and spare parts	781,299	(65,944)	715,355
Goods in transit	84,432	-	84,432
Merchandise inventory	<u>7,385</u>	<u>-</u>	<u>7,385</u>
Total	<u>\$ 3,459,049</u>	<u>(361,010)</u>	<u>3,098,039</u>

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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	September 30, 2022		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 1,162,858	(100,072)	1,062,786
Work in process	430,653	(12,914)	417,739
Finished goods	1,337,314	(125,728)	1,211,586
Supplies and spare parts	842,485	(61,667)	780,818
Goods in transit	14,865	-	14,865
Merchandise inventory	4,318	-	4,318
Total	\$ 3,792,493	(300,381)	3,492,112

For the nine months ended September 30, 2023 and 2022, in addition to the costs of inventories recognized when inventories were sold, the following loss and revenue were included in the Group's operating costs:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Allowance for inventory valuation and obsolescence losses	\$ 40,057	101,627	30,844	118,325
Revenue from sale of scrap	(82,465)	(90,462)	(240,715)	(350,591)
Loss on inventory write-off (reversal gain)	309	(337)	89,450	44,570
Unallocated manufacturing expense	132,870	95,156	407,068	327,067
	\$ 90,771	105,984	286,647	139,371

As of September 30, 2023, December 31, 2022, and September 30, 2022, the Group did not pledge its inventory as collateral.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The cost, depreciation, and impairment losses of the property, plant and equipment of the Group in the nine months ended September 30, 2023 and 2022, were as follows:

	<u>Land</u>	<u>Land improvement</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Unfinished construction and equipment undergoing acceptance testing</u>	<u>Total</u>
Cost:									
Balance at January 1, 2023	\$ 712,063	13,375	3,883,347	11,873,068	23,016	702,373	24,455	963,742	18,195,439
Additions	-	-	313,676	293,230	-	41,178	-	178,738	826,822
Disposals	-	-	-	(151,746)	-	(6,034)	-	-	(157,780)
Reclassification (notes 1, 2 and 3)	-	-	499,580	239,529	482	14,997	-	(571,043)	183,545
Translation effect	(9,530)	(179)	(68,951)	(166,868)	(318)	(10,399)	(299)	(4,710)	(261,254)
Balance at September 30, 2023	<u>\$ 702,533</u>	<u>13,196</u>	<u>4,627,652</u>	<u>12,087,213</u>	<u>23,180</u>	<u>742,115</u>	<u>24,156</u>	<u>566,727</u>	<u>18,786,772</u>
Balance at January 1, 2022	\$ 664,731	7,442	2,999,906	9,034,187	21,212	547,117	22,834	2,271,303	15,568,732
Additions	-	4,725	144,865	332,430	296	35,196	141	542,944	1,060,597
Disposals	-	-	(224)	(160,086)	(15)	(3,613)	-	-	(163,938)
Reclassification (notes 1 and 2)	-	-	273,794	1,199,282	-	66,209	-	(1,210,125)	329,160
Translation effect	8,089	59	33,733	100,852	257	6,001	264	32,058	181,313
Balance at September 30, 2022	<u>\$ 672,820</u>	<u>12,226</u>	<u>3,452,074</u>	<u>10,506,665</u>	<u>21,750</u>	<u>650,910</u>	<u>23,239</u>	<u>1,636,180</u>	<u>16,975,864</u>
Accumulated depreciation and impairment losses:									
Balance at January 1, 2023	\$ -	6,839	1,238,901	5,021,452	19,610	412,180	15,976	-	6,714,958
Depreciation	-	1,457	163,399	701,487	944	65,746	2,129	-	935,162
Impairment loss	-	-	-	12,095	-	-	-	-	12,095
Disposals	-	-	-	(128,789)	-	(5,012)	-	-	(133,801)
Reclassification (notes 3)	-	-	-	-	482	-	-	-	482
Translation effect	-	(121)	(19,993)	(79,416)	(293)	(6,755)	(230)	-	(106,808)
Balance at September 30, 2023	<u>\$ -</u>	<u>8,175</u>	<u>1,382,307</u>	<u>5,526,829</u>	<u>20,743</u>	<u>466,159</u>	<u>17,875</u>	<u>-</u>	<u>7,422,088</u>
Balance at January 1, 2022	\$ -	4,970	976,535	4,093,522	16,976	315,032	12,259	-	5,419,294
Depreciation	-	987	136,364	546,038	1,019	57,023	2,157	-	743,588
Gain on reversal of impairment	-	-	-	(13,642)	-	-	-	-	(13,642)
Disposals	-	-	(122)	(134,856)	(15)	(3,360)	-	-	(138,353)
Translation effect	-	54	10,982	47,181	200	3,462	122	-	62,001
Balance at September 30, 2022	<u>\$ -</u>	<u>6,011</u>	<u>1,123,759</u>	<u>4,538,243</u>	<u>18,180</u>	<u>372,157</u>	<u>14,538</u>	<u>-</u>	<u>6,072,888</u>
Carrying amount:									
Balance at January 1, 2023	<u>\$ 712,063</u>	<u>6,536</u>	<u>2,644,446</u>	<u>6,851,616</u>	<u>3,406</u>	<u>290,193</u>	<u>8,479</u>	<u>963,742</u>	<u>11,480,481</u>
Balance at September 30, 2023	<u>\$ 702,533</u>	<u>5,021</u>	<u>3,245,345</u>	<u>6,560,384</u>	<u>2,437</u>	<u>275,956</u>	<u>6,281</u>	<u>566,727</u>	<u>11,364,684</u>
Balance at September 30, 2022	<u>\$ 672,820</u>	<u>6,215</u>	<u>2,328,315</u>	<u>5,968,422</u>	<u>3,570</u>	<u>278,753</u>	<u>8,701</u>	<u>1,636,180</u>	<u>10,902,976</u>

Note 1: The cost of \$186,031 thousand and \$332,657 thousand, respectively, were transferred from prepayment for equipment for the nine months ended September 30, 2023 and 2022.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2. The cost of \$2,968 thousand and \$3,497 thousand, respectively, were reclassified from equipment undergoing acceptance testing of property, plant and equipment to intangible assets for the nine months ended September 30, 2023 and 2022.

3. The cost of \$482 thousand and accumulated depreciation of \$482 thousand were reclassified from right-of-use asset for the nine months ended September 30, 2023.

The Group evaluated the majority of the idle machinery for impairment and estimated the differences between the book value and the recoverable amount. The impairment loss (gain on reversal) recognized was as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Loss (gain on reversal) of impairment	\$ 4,060	(21,311)	12,095	(13,642)

The Group used the fair value, less selling cost, to calculate the recoverable amount as the basis to assess the impairment of the idle property, plant and equipment.

Please refer to note 6(r) for the amount of interest expenses capitalized.

Please refer to note 8 for more information on the collateral for loans.

(g) Right-of-use assets

The Group leases many assets including buildings, machinery and equipment, and transportation equipment. Information about leases for which the Group as a lessee is presented below:

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Total
Cost:					
Balance at January 1, 2023	\$ 170,527	83,290	58,538	1,324	313,679
Additions	1,178	21,388	9,684	-	32,250
Reclassification to property, plant and equipment	-	-	(482)	-	(482)
Translation effect	(1,851)	(1,562)	(750)	(18)	(4,181)
Balance at September 30, 2023	\$ 169,854	103,116	66,990	1,306	341,266
Balance at January 1, 2022	\$ 124,896	67,759	43,281	1,236	237,172
Additions	29,190	7,794	4,959	-	41,943
Disposals (end of contract and early termination of contract)	(16,016)	-	-	-	(16,016)
Translation effect	1,481	774	499	15	2,769
Balance at September 30, 2022	\$ 139,551	76,327	48,739	1,251	265,868
Accumulated depreciation and impairment losses:					
Balance at January 1, 2023	\$ 74,461	51,080	37,151	1,053	163,745
Depreciation	18,355	11,984	8,043	215	38,597
Reclassification to property, plant and equipment	-	-	(482)	-	(482)
Translation effect	(1,101)	(934)	(429)	(18)	(2,482)
Balance at September 30, 2023	\$ 91,715	62,130	44,283	1,250	199,378

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Balance at January 1, 2022	\$ 52,408	34,476	26,428	641	113,953
Depreciation	18,739	10,052	6,117	261	35,169
Disposals (end of contract and early termination of contract)	(6,407)	-	-	-	(6,407)
Translation effect	559	354	286	7	1,206
Balance at September 30, 2022	<u>\$ 65,299</u>	<u>44,882</u>	<u>32,831</u>	<u>909</u>	<u>143,921</u>
Carrying amount:					
Balance at January 1, 2023	<u>\$ 96,066</u>	<u>32,210</u>	<u>21,387</u>	<u>271</u>	<u>149,934</u>
Balance at September 30, 2023	<u>\$ 78,139</u>	<u>40,986</u>	<u>22,707</u>	<u>56</u>	<u>141,888</u>
Balance at September 30, 2022	<u>\$ 74,252</u>	<u>31,445</u>	<u>15,908</u>	<u>342</u>	<u>121,947</u>

(h) Intangible assets

The cost, amortization, and impairment losses for the intangible assets of the Group for the nine months ended September 30, 2023 and 2022, were as follows:

	<u>Goodwill</u>	<u>Operating procedure</u>	<u>Customer relationship</u>	<u>Software</u>	<u>Total</u>
Costs:					
Balance at January 1, 2023	\$ 111,294	2,906	38,098	171,736	324,034
Addition	-	-	-	3,643	3,643
Disposal	-	-	-	(155)	(155)
Reclassification from property, plant and equipment	-	-	-	2,968	2,968
Translation effect	(1,490)	(39)	(510)	(2,423)	(4,462)
Balance at September 30, 2023	<u>\$ 109,804</u>	<u>2,867</u>	<u>37,588</u>	<u>175,769</u>	<u>326,028</u>
Balance at January 1, 2022	\$ 103,896	2,711	35,566	118,484	260,657
Addition	-	-	-	7,091	7,091
Disposal	-	-	-	(101)	(101)
Reclassification from property, plant and equipment	-	-	-	3,497	3,497
Translation effect	1,264	34	432	1,366	3,096
Balance at September 30, 2022	<u>\$ 105,160</u>	<u>2,745</u>	<u>35,998</u>	<u>130,337</u>	<u>274,240</u>
Amortization and impairment loss:					
Balance at January 1, 2023	\$ -	1,743	11,429	105,021	118,193
Amortization	-	439	2,879	16,094	19,412
Disposals	-	-	-	(155)	(155)
Translation effect	-	(32)	(212)	(1,730)	(1,974)
Balance at September 30, 2023	<u>\$ -</u>	<u>2,150</u>	<u>14,096</u>	<u>119,230</u>	<u>135,476</u>

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Goodwill</u>	<u>Operating procedure</u>	<u>Customer relationship</u>	<u>Software</u>	<u>Total</u>
Balance at January 1, 2022	\$ -	1,085	7,113	84,041	92,239
Amortization	-	415	2,718	10,331	13,464
Disposals	-	-	-	(101)	(101)
Translation effect	-	10	69	949	1,028
Balance at September 30, 2022	<u>\$ -</u>	<u>1,510</u>	<u>9,900</u>	<u>95,220</u>	<u>106,630</u>
Carrying amount:					
Balance at January 1, 2023	<u>\$ 111,294</u>	<u>1,163</u>	<u>26,669</u>	<u>66,715</u>	<u>205,841</u>
Balance at September 30, 2023	<u>\$ 109,804</u>	<u>717</u>	<u>23,492</u>	<u>56,539</u>	<u>190,552</u>
Balance at September 30, 2022	<u>\$ 105,160</u>	<u>1,235</u>	<u>26,098</u>	<u>35,117</u>	<u>167,610</u>

(i) Short-term loans

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Secured loans	\$ 83,334	91,720	84,010
Unsecured loans	2,215,813	2,381,271	3,194,934
Total	<u>\$ 2,299,147</u>	<u>2,472,991</u>	<u>3,278,944</u>
Unused credit line	<u>\$ 3,458,716</u>	<u>3,196,279</u>	<u>2,011,609</u>
Interest rate (%)	<u>1.95~4.70</u>	<u>0.39~5.81</u>	<u>0.39~4.21</u>

Please refer to note 8 for more information on the collateral for loans from bank.

(j) Long-term loans

The long-term loans of the Group were stated as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Secured loans	\$ 476,697	568,775	400,425
Unsecured loans	5,463,752	5,413,918	5,195,076
Less: deferred financing fee	(5,039)	(6,410)	(1,587)
Subtotal	5,935,410	5,976,283	5,593,914
Less: current portion	(2,324,568)	(1,400,452)	(1,124,082)
Total	<u>\$ 3,610,842</u>	<u>4,575,831</u>	<u>4,469,832</u>
Unused credit line	<u>\$ 8,576,078</u>	<u>6,987,756</u>	<u>3,213,547</u>
Interest rate (%)	<u>2.16~6.33</u>	<u>1.00~5.63</u>	<u>1.00~4.40</u>
Maturity date	<u>2023.12~2029.6</u>	<u>2023.4~2027.12</u>	<u>2022.11~2027.9</u>

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Collateral for loans

Please refer to note 8 for more information on the collateral for loans.

(ii) Loan contract

APT, a subsidiary of the Company, entered into a loan agreement with KASIKORN BANK for the nine months ended September 30, 2023. The main commitment clauses in the contract are as follows:

- 1) The maximum debt ratio (total liability/tangible net asset) of 200%.
- 2) The minimum debt coverage ratio [(net income before tax + interest expense + depreciation expense + amortization expense)/ long-term loan] of 120%.

The increase in logn-term loans for the nine months ended September 30, 2023 and 2022 were \$2,077,996 thousand and \$2,375,684 thousand, respectively, with the interest rates ranging from 2.16% to 6.33% and 1.26% to 4.40%, respectively. The maturity dates are from May 2024 to June 2029 and from October 2022 to September 2027, respectively. The amounts of repayment were \$2,051,417 thousand and \$931,493 thousand, respectively.

(k) Lease liabilities

The amounts of leased liability were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	\$ 46,373	45,042	37,399
Non-current	99,072	107,713	86,943
	<u>\$ 145,445</u>	<u>152,755</u>	<u>124,342</u>

Please refer to note 6(s) for more information on maturity analysis.

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>1,169</u>	<u>959</u>	<u>3,593</u>	<u>3,007</u>
Expenses relating to short-term leases	\$ <u>1,297</u>	<u>1,535</u>	<u>4,429</u>	<u>4,789</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>135</u>	<u>138</u>	<u>411</u>	<u>426</u>

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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The amounts recognized in the statement of cash flows for the Group were as follows:

	For the nine months ended September 30	
	2023	2022
Total cash outflow from operating activities	\$ 8,433	8,222
Total cash outflow from financing activities	37,812	34,691
Total cash outflow for leases	\$ 46,245	42,913

(i) Real estate leases

The Group leases buildings for its office space and warehouse. The leases of warehouse typically run for a period of 2 to 6 years, and of office for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of buildings contain extension options exercisable by the Group, the extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group leases office equipment and transportation equipment with lease terms of 1 to 7 years. Some of these leases are considered as short-term leases or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(l) Employee benefits

(i) Defined benefit plans

Given there was no significant volatility of the market or any significant curtailments, settlements, or other one-time events in the prior fiscal year, pension cost in the interim financial statements is measured and disclosed in accordance with the pension cost determined by the actuarial report issued for the years ended December 31, 2022 and 2021.

The Group's expenses recognized in profit or loss, were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Operating costs	\$ 1,709	1,571	5,094	4,784
Administration expenses	1,321	1,174	3,937	3,577
	\$ 3,030	2,745	9,031	8,361

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(ii) Defined contribution plans

Pension costs paid by the Group to the Bureau of Labor Insurance based on the defined contribution plans were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Administration expenses	<u>\$ 212</u>	<u>253</u>	<u>672</u>	<u>763</u>

(iii) Long-term employee benefit plan

The balance of the Group's long-term employee benefit plan amounted to \$9,282 thousand, \$6,216 thousand and \$9,184 thousand as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively.

(m) Income taxes

The amounts of income tax for the three months ended and the nine months ended September 30, 2023 and 2022, were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Current tax expense				
Current period	<u>\$ 2</u>	<u>39,299</u>	<u>12</u>	<u>71,870</u>

The Company and AET are not required to pay income tax and file an income tax return in the country in which they are incorporated.

In Thailand and Singapore, where APT, APS and APSS operate, income taxes do not require approval by the tax authority. Income taxes paid in prior years have received income tax receipts up to 2022. The income tax return of AET's Taiwan Branch and the Company's Taiwan Branch had been approved by the Revenue department through 2021. The income tax of APC had been submitted to the Revenue department through 2022.

(n) Share capital and other equity

Except for the following, there were no significant changes in the Group's share capital and other equity for the nine months ended September 30, 2023 and 2022. Please refer to note 6(n) of the 2022 consolidated financial statements for related information.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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On March 29, 2023 and May 24, 2022, the Board of Directors and the shareholders' meeting resolved to appropriate the 2022 and 2021 earnings, respectively. These earnings were appropriated as follows:

	2022	2021
Dividends distributed to ordinary shareholders		
Cash	\$ 379,876	759,752

The related information about the earnings distribution that was approved by the Company's Board of Directors and resolved during the shareholder's meeting is available on the Market Observation Post System website.

(o) Earnings (deficits) per share

The calculation of basic and diluted earnings (deficits) per share (EPS) was as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Basic earnings (deficits) per share (Diluted earnings (deficits) per share):				
Net income (loss)	\$ (180,130)	57,845	(435,989)	832,852
Weighted-average number of common shares outstanding (thousand shares)	189,938	189,938	189,938	189,938
Basic earnings (deficits) per share / Diluted earnings (deficits) per share (New Taiwan Dollars)	\$ (0.95)	0.30	(2.30)	4.38

(p) Revenues from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Primary geographical markets:				
Singapore	\$ 548,090	512,086	1,882,464	2,171,090
Vietnam	499,164	297,812	1,567,572	1,974,555
Thailand	532,262	587,049	1,650,887	1,822,583
Korea	552,599	303,184	1,418,340	1,303,078
Others	964,485	1,498,959	3,023,841	4,044,064
	\$ 3,096,600	3,199,090	9,543,104	11,315,370

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Main product/service line				
Single-layer PCB sales	\$ 104,118	101,463	321,592	352,695
Double-layer PCB sales	763,265	602,621	2,837,349	3,618,315
Multi-layer PCB sales	2,237,369	2,493,229	6,393,741	7,337,220
Others	3,165	12,065	17,971	33,031
Less: sales return and allowance	<u>(11,317)</u>	<u>(10,288)</u>	<u>(27,549)</u>	<u>(25,891)</u>
	<u>\$ 3,096,600</u>	<u>3,199,090</u>	<u>9,543,104</u>	<u>11,315,370</u>

(ii) Remaining balances of contract

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 3,099	156	185
Accounts receivable	3,028,682	4,051,340	4,540,495
Less: loss allowance	<u>(70,198)</u>	<u>(99,303)</u>	<u>(92,424)</u>
Total	<u>\$ 2,961,583</u>	<u>3,952,193</u>	<u>4,448,256</u>

(q) Remunerations to employees and directors

According to the amendment of the Company's Articles of Association, which was approved during the shareholders' meeting held on May 24, 2022, where there are profits in a given year, after reserving the amount for covering the accumulated losses, a maximum of 2% of the profit shall be distributed as remunerations to employees and directors. Employee remuneration may be distributed in the form of shares or cash, and may be allocated to qualified employees of the Company's subsidiaries.

The Company did not accrue any remuneration to its employees and directors for the three months ended and the nine months ended September 30, 2023 due to the deficit it incurred in the current year. If there are any differences between the actual and the estimated distribution amounts, they will be deemed as changes in accounting estimates, and recognized as gain or loss in the following fiscal year.

On February 28, 2023, the Board of Directors meeting resolved to distribute the remunerations to its employees and directors of \$0 thousand and \$1,440 thousand, respectively, for the year 2022. There were no differences between the actual and the estimated amounts for the year 2022. The related information is available on the Market Observation Post System website.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Non-operating income and expenses

(i) Interest income

The details of interest income of the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest income on bank deposits	\$ <u>283</u>	<u>348</u>	<u>1,890</u>	<u>593</u>

(ii) Other income

The details of other income of the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Income from cancellation of orders	\$ 4,902	122	17,930	15,141
Others	<u>5,978</u>	<u>2,263</u>	<u>20,676</u>	<u>10,191</u>
	\$ <u>10,880</u>	<u>2,385</u>	<u>38,606</u>	<u>25,332</u>

(iii) Other gains and losses

The details of other gains and losses of the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Gains (losses) on disposal of property, plant and equipment	\$ (1,041)	(24,542)	2,708	(24,780)
Net foreign exchange gains	59,928	64,923	89,765	28,142
Valuation gains (losses) on financial assets or liabilities, net	(41,070)	(28,284)	(48,494)	46,037
Gain on reversal (loss) of impairment	(4,060)	21,311	(12,095)	13,642
Gain on lease modifications	-	-	-	336
Others	<u>17</u>	<u>(108)</u>	<u>9</u>	<u>(112)</u>
	\$ <u>13,774</u>	<u>33,300</u>	<u>31,893</u>	<u>63,265</u>

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(iv) Finance cost

The details of finance cost of the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest expense on loans from banks	\$ 79,589	56,788	226,417	126,032
Interest expense on lease liabilities	1,169	959	3,593	3,007
Less: interest expense capitalized	<u>(5,707)</u>	<u>(10,623)</u>	<u>(27,754)</u>	<u>(26,148)</u>
	<u>\$ 75,051</u>	<u>47,124</u>	<u>202,256</u>	<u>102,891</u>

(s) Financial instruments

Except for the following, there were no significant changes in the credit risk and interest rate risk the Group was exposed to. Please refer to note 6(s) of the 2022 consolidated financial statements for related information.

(i) Credit risk

1) Risk exposure

The book value of financial assets represents the maximum risk exposure.

2) Concentration of credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the statistical information on the Group's customer base, including the default risk of the industry and country in which customers operate. The Group's accounts receivable are obviously concentrated on three main customers, which accounted for 32%, 44% and 46% of the total amount of notes and accounts receivable as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively. As of September 30, 2023, December 31, 2022, and September 30, 2022, the Group's accounts receivable concentrated on three main customers were \$938,879 thousand, \$1,739,782 thousand and \$2,056,942 thousand, respectively.

3) Credit risk of accounts receivable

Please refer to note 6(c) for information on credit risk of accounts receivable; and note 6(d) for details of other receivables. All of other receivables are considered to have low risk, and thus, the allowance for bad debts are measured by the expected losses of 12 months during the period.

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(ii) Liquidity risk

The following table shows the maturity of the financial liabilities including estimated interest:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
September 30, 2023					
Non-derivative financial liabilities					
Short-term loans	\$ 2,299,147	2,313,986	2,313,986	-	-
Long-term loans	5,935,410	6,332,619	2,567,663	2,124,404	1,640,552
Lease liabilities	145,445	153,868	50,121	40,326	63,421
Accounts payable	1,980,652	1,980,652	1,980,652	-	-
Other payables (including payables for equipment)	866,829	866,829	866,829	-	-
Long-term payable	11,712	11,712	-	4,846	6,866
Derivative financial liabilities					
Other forward contract—					
Inflow	-	(783,366)	(783,366)	-	-
Outflow	43,717	827,083	827,083	-	-
	<u>\$ 11,282,912</u>	<u>11,703,383</u>	<u>7,822,968</u>	<u>2,169,576</u>	<u>1,710,839</u>
December 31, 2022					
Non-derivative financial liabilities					
Short-term loans	\$ 2,472,991	2,482,497	2,482,497	-	-
Long-term loans	5,976,283	6,404,925	1,597,734	2,138,907	2,668,284
Lease liabilities	152,755	161,985	48,924	40,453	72,608
Accounts payable	2,083,281	2,083,281	2,083,281	-	-
Other payables (including payables for equipment)	1,061,941	1,061,941	1,061,941	-	-
Long-term payable	18,921	18,921	-	8,278	10,643
Derivative financial liabilities					
Other forward contract—					
Inflow	-	(30,725)	(30,725)	-	-
Outflow	12	30,737	30,737	-	-
	<u>\$ 11,766,184</u>	<u>12,213,562</u>	<u>7,274,389</u>	<u>2,187,638</u>	<u>2,751,535</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
September 30, 2022					
Non-derivative financial liabilities					
Short-term loans	\$ 3,278,944	3,297,284	3,297,284	-	-
Long-term loans	5,593,914	5,997,983	1,296,999	1,934,453	2,766,531
Lease liabilities	124,342	131,864	40,529	33,235	58,100
Accounts payable	1,978,015	1,978,015	1,978,015	-	-
Other payables (including payables for equipment)	1,322,196	1,322,196	1,322,196	-	-
Long-term payable	53,750	53,750	-	42,533	11,217
Derivative financial liabilities					
Other forward contract—					
Inflow	-	(246,778)	(246,778)	-	-
Outflow	7,779	254,557	254,557	-	-
	<u>\$ 12,358,940</u>	<u>12,788,871</u>	<u>7,942,802</u>	<u>2,010,221</u>	<u>2,835,848</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Currency risk exposure

The Group's significant exposure to foreign currency risk was as follows:

	<u>September 30, 2023</u>			<u>December 31, 2022</u>			<u>September 30, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Amount</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Amount</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Amount</u>
Financial assets									
Monetary items									
USD	\$ 85,188	31.93	2,720,354	125,960	30.58	3,851,455	131,623	31.71	4,173,747
Financial liabilities									
Monetary items									
USD	44,292	32.21	1,426,685	54,558	30.89	1,685,207	62,462	31.98	1,997,508

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account and other receivables, loans and borrowings, and account and other payables that are denominated in foreign currency.

A 5% strengthening of the NTD and THB against the USD as at September 30, 2023 and 2022, would have decreased net profit before tax for the nine months ended September 30, 2023 and 2022, by \$64,600 thousand and \$108,800 thousand, respectively. The analysis assumes that all other variables remain constant, and is performed on the same basis for 2022.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Group, the Group discloses its exchange gains and losses of monetary items aggregately. The Group's exchange gains, including realized and unrealized, were \$59,928 thousand, \$64,923 thousand, \$89,765 thousand and \$28,142 thousand, respectively, for the three months and the nine months ended September 30, 2023 and 2022.

(iv) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to interest rate risk for derivative and non-derivative financial instruments on the reporting date.

For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year ended at the reporting date. The Group internally reported the increases / decreases in interest rates and the exposure to changes in interest rates of 0.25% to the Group's key management so as to allow key management to assess the reasonableness of the changes in interest rates.

If the interest rate had increased / decreased by 0.25%, the Group's net income would have decreased / increased by \$15,400 thousand and \$16,600 thousand, respectively, for the nine months ended September 30, 2023 and 2022, with all other variable factors remaining constant. This was mainly due to the Group's interest rate of borrowing at variable rates.

(v) Fair value information

1) Categories and fair value of financial instruments

The Group's financial assets at fair value through profit or loss are measured at fair value on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	September 30, 2023				Total
	Amount	Fair value			
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets – current	\$ 4,916	-	4,916	-	4,916

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2023				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 712,113	-	-	-	-
Notes receivables	3,099	-	-	-	-
Accounts receivables	2,958,484	-	-	-	-
Other receivables	139,731	-	-	-	-
Refundable deposits	8,223	-	-	-	-
Other financial assets	10,236	-	-	-	-
Subtotal	<u>3,831,886</u>	-	-	-	-
Total	<u>\$ 3,836,802</u>	-	<u>4,916</u>	-	<u>4,916</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities – current	\$ <u>43,717</u>	-	<u>43,717</u>	-	<u>43,717</u>
Financial liabilities measured at amortized cost					
Short-term loans	2,299,147	-	-	-	-
Long-term loans	5,935,410	-	-	-	-
Lease liabilities	145,445	-	-	-	-
Accounts payable	1,980,652	-	-	-	-
Other payables (including payables for equipment)	866,829	-	-	-	-
Long-term payable	11,712	-	-	-	-
Subtotal	<u>11,239,195</u>	-	-	-	-
Total	<u>\$ 11,282,912</u>	-	<u>43,717</u>	-	<u>43,717</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets – current	\$ 20,755	-	20,755	-	20,755
Financial assets measured at amortized cost					
Cash and cash equivalents	714,266	-	-	-	-
Notes receivables	156	-	-	-	-
Accounts receivables	3,952,037	-	-	-	-
Other receivables	121,501	-	-	-	-
Refundable deposits	8,312	-	-	-	-
Other financial assets	18,557	-	-	-	-
Subtotal	<u>4,814,829</u>	-	-	-	-
Total	<u>\$ 4,835,584</u>	-	<u>20,755</u>	-	<u>20,755</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities – current	\$ 12	-	12	-	12
Financial liabilities measured at amortized cost					
Short-term loans	2,472,991	-	-	-	-
Long-term loans	5,976,283	-	-	-	-
Lease liabilities	152,755	-	-	-	-
Accounts payable	2,083,281	-	-	-	-
Other payables (including payables for equipment)	1,061,941	-	-	-	-
Long-term payable	18,921	-	-	-	-
Subtotal	<u>11,766,172</u>	-	-	-	-
Total	<u>\$ 11,766,184</u>	-	<u>12</u>	-	<u>12</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2022				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets – current	\$ 23,328	-	23,328	-	23,328
Financial assets measured at amortized cost					
Cash and cash equivalents	653,474	-	-	-	-
Notes receivables	185	-	-	-	-
Accounts receivables	4,448,071	-	-	-	-
Other receivables	81,738	-	-	-	-
Refundable deposits	7,732	-	-	-	-
Other financial assets	19,187	-	-	-	-
Subtotal	<u>5,210,387</u>	-	-	-	-
Total	<u>\$ 5,233,715</u>	-	<u>23,328</u>	-	<u>23,328</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities – current	\$ 7,779	-	7,779	-	7,779
Financial liabilities measured at amortized cost					
Short-term loans	3,278,944	-	-	-	-
Long-term loans	5,593,914	-	-	-	-
Lease liabilities	124,342	-	-	-	-
Accounts payable	1,978,015	-	-	-	-
Other payables (including payables for equipment)	1,322,196	-	-	-	-
Long-term payable	53,750	-	-	-	-
Subtotal	<u>12,351,161</u>	-	-	-	-
Total	<u>\$ 12,358,940</u>	-	<u>7,779</u>	-	<u>7,779</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

- i) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities and payment request or payment amount of future cash flow will not be changed due to timing difference, and the book value is a reasonable approximation of fair value. This method applies to cash and cash equivalents, notes and accounts receivable and payable, other receivables and payables, refundable deposits, other financial assets, short-term loans, payables for machinery and equipment.
- ii) Fair value of long-term loans, lease liabilities, and long-term payable are estimated using the present value of future cash flows discounted by the interest rates the Group may obtain for similar loans and lease payable. However, long-term loans are recognized at its book value because most of it has floating rates. Lease liabilities are calculated based on the fixed rate agreed in the lease contract or incremental borrowing rate. The present value of long-term payable is calculated based on the weighted-average cost of capital (WACC). There were no significant differences between book value and discounted present value. Thus, long-term payable is recognized at book value.

b) Derivative financial instruments

Forward exchange contracts were usually estimated by the current forward exchange rates of the transaction banks.

(t) Financial risk management

There were no significant changes in the objectives and policies concerning the financial risks the Group was exposed to. Please refer to note 6(t) of the 2022 consolidated financial statements for related information.

(u) Capital management

The purpose, policy, procedures, and summarized quantitative data of the Group's capital management were the same as those disclosed in the 2022 consolidated financial statements. Please refer to note 6(u) of the 2022 consolidated financial statements for related information.

(v) Non-cash investing and financing activities

For the nine months ended September 30, 2023 and 2022, the Group's non-cash investing and financing activities were derived from the acquisition of machinery and equipment and right-of-use asset through leasing. Please refer to note 6(g) for related information.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Reconciliation of liabilities from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes Acquisition or termination of contracts	Translation effect	September 30, 2023
Long-term loans	\$ 5,976,283	26,579	-	(67,452)	5,935,410
Short-term loans	2,472,991	(148,333)	-	(25,511)	2,299,147
Lease liabilities	152,755	(37,812)	32,250	(1,748)	145,445
Total liabilities from financing activities	<u>\$ 8,602,029</u>	<u>(159,566)</u>	<u>32,250</u>	<u>(94,711)</u>	<u>8,380,002</u>

	January 1, 2022	Cash flows	Non-cash changes Acquisition or termination of contracts	Translation effect	September 30, 2022
Long-term loans	\$ 4,118,801	1,444,191	-	30,922	5,593,914
Short-term loans	2,501,866	751,610	-	25,468	3,278,944
Lease liabilities	125,444	(34,691)	31,998	1,591	124,342
Total liabilities from financing activities	<u>\$ 6,746,111</u>	<u>2,161,110</u>	<u>31,998</u>	<u>57,981</u>	<u>8,997,200</u>

(7) Related-party transactions

- (a) Parent Company and ultimate controlling party

Apex International Co., Ltd. is the ultimate controlling party of the Group.

- (b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Wang Shu Mu	Chairman of the Company

- (c) Significant transactions with related parties – Guarantee

For the nine months ended September 30, 2023 and 2022, chairman of the Company provided credit guarantees to the Group for short-term and long-term loans.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 15,015	11,519	42,930	34,976
Post-employment benefits	332	97	613	295
Other long-term benefits	2	1	5	3
	<u>\$ 15,349</u>	<u>11,617</u>	<u>43,548</u>	<u>35,274</u>

(8) Pledged assets:

Pledged assets	Object	September 30, 2023	December 31, 2022	September 30, 2022
Other financial assets				
— non-current:				
Restricted bank deposits	Long-term loans and derivative instruments not used for hedging	\$ 10,236	18,557	19,187
Property, plant, and equipment:				
Land	Long-term and short-term loans	383	389	367
Buildings	Long-term and short-term loans	29,578	31,369	31,308
Machinery and equipment	Long-term, short-term loans and electricity guarantee	1,198,144	1,514,838	1,018,993
Total		<u>\$ 1,238,341</u>	<u>1,565,153</u>	<u>1,069,855</u>

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Significant commitments and contingencies:

(a) The Group did not recognize the following contract commitments in the financial statements:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Acquisition of property, plant and equipment	\$ 516,261	427,560	2,093,916
Other long-term commitments	36,824	43,658	51,946
Total	<u>\$ 553,085</u>	<u>471,218</u>	<u>2,145,862</u>

(b) The Group had outstanding letters of credit as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Letters of credit	\$ <u>102,675</u>	<u>34,940</u>	<u>96,016</u>

(c) Guarantees provided by banks were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Electricity guarantee	\$ <u>118,254</u>	<u>119,858</u>	<u>113,253</u>

(10) Losses due to major disasters:None

(11) Subsequent events:None

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

(a) A summary of personnel benefit costs, depreciation, depletion and amortization is as follows:

Function	For the three months ended September 30					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Account						
Personnel costs						
Salaries	419,209	92,387	511,596	287,797	71,447	359,244
Health insurance	-	431	431	-	444	444
Pension	1,709	1,533	3,242	1,571	1,427	2,998
Remuneration to directors	-	-	-	-	450	450
Other personnel expense	44,128	19,795	63,923	34,003	11,883	45,886
Depreciation	301,673	32,880	334,553	240,037	28,245	268,282
Amortization	1,743	4,607	6,350	1,914	2,771	4,685

Function	For the nine months ended September 30					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Account						
Personnel benefit costs						
Salaries	1,193,931	252,932	1,446,863	1,111,804	233,325	1,345,129
Health insurance	-	1,457	1,457	-	1,341	1,341
Pension	5,094	4,609	9,703	4,784	4,340	9,124
Remuneration to directors	-	-	-	-	1,208	1,208
Other personnel expense	126,598	57,198	183,796	113,325	64,137	177,462
Depreciation	878,470	95,289	973,759	694,799	83,958	778,757
Amortization	5,640	13,772	19,412	5,290	8,174	13,464

(b) The Group's operations were not affected by seasonality factors.

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APEX INTERNATIONAL CO., LTD.
Notes to Consolidated Interim Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the nine months ended September 30, 2023:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (note 1)										
0	The Company	APT	2	21,237,612 (Note 2)	15,230,634	15,230,634	5,763,455	-	215.15 %	21,237,612 (Note 3)	Y	N	N
1	APT	APS	4	3,936,494 (Note 4)	710,532	710,532	335,910	-	10.04 %	3,936,494 (Note 5)	N	N	N

Note 1: Relationships with Guarantors and Obligees

1. Companies with business relations.
2. Companies in which more than 50% of shares with voting rights are directly or indirectly owned by the Company.
3. Companies directly or in directly owning more than 50% of shares with voting rights of the Company.
4. Companies in which 90% of shares with voting rights are directly or indirectly owned the Company.
5. Companies under reciprocal inter-insurance for constructional contractual purpose.
6. Companies guaranteed by all contributed shareholders due to co-investing relationships.
7. Companies established to practice escrow and joint, as well as several guarantees for presale homes under the Consumer Protection Act.

Note 2: If it was approved by Board of Directors, the guarantee limit for the guarantee provided to a specific enterprise shall not be applied when the Company directly or indirectly owns more than 90% of the investee's equity. However, the guarantee amount is still limited to 300% of the net worth of the Company's latest financial statements.

Note 3: The overall guarantee amount provided to others shall not exceed 300% of the net worth of the Company's latest financial statements.

Note 4: The guarantee limit for the guarantee provided to any individual company shall not exceed 50% of APT's net worth.

Note 5: Total amount of the guarantee provided by APT is limited to 50% of its net worth.

- (iii) Securities held as of September 30, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding NTD300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock: None.
- (viii) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock: None.
- (ix) Information regarding trading in derivative financial instruments: Please refer to note 6(b).
- (x) Business relationships and significant intercompany transactions: There were no significant transactions.

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APEX INTERNATIONAL CO., LTD.
Notes to Consolidated Interim Financial Statements

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2023:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2023			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Notes 1 and 2)	Note
				September 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value (Notes 1 and 2)			
The Company	APT	Thailand	PCB (printed circuit board) manufacturing and sales	3,757,116	3,311,762	151,194	99.60 %	7,841,496	(404,715)	(403,080)	Note 2
The Company	AET	British Virgin Islands	Supply chain integration	10,000	10,000	1,000	100.00 %	11,884	2,732	2,775	Note 2
APT	APS	Thailand	PCB (printed circuit board) manufacturing and sales	277,485	277,485	32	99.99 %	218,724	2,487	2,487	Note 2
APS	APSS	Singapore	PCB sales development	8,195	8,195	402	100.00 %	19,095	7,415	7,885	Note 2

Note 1: Long-term investment and investment gains and losses have been recognized by the equity method based on the financial statements of the investee companies reviewed by the Group's auditors.

Note 2: The long-term investment and investment gains or losses have been eliminated in the preparation of the consolidated financial statements.

Note 3: The amount of amortization of premium on investment recognized in this period has been included in share of profits/ losses of investee.

Note 4: It takes into account unrealized and realized gains and losses on intercompany transactions.

(c) Information on investment in China:

(i) The names of investees in China, the main businesses and products, and other information:

Unit: in thousands of dollars

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023 (Note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023 (Note 4)	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses) (Notes 2 and 3)	Book value (Notes 2 and 3)	Accumulated remittance of earnings in current period
					Outflow (Note 4)	Inflow (Note 4)						
APC	Supply Chain integration	39,848 (RMB9,000)	2	-	-	-	-	99 (RMB23)	99.60 %	3,360 (RMB764)	15,410 (RMB3,451)	-

Note 1: Investment methods are divided into the following three categories

- (1) Direct investment in China.
- (2) Indirect investment in China through investment in Thailand (APT).
- (3) Other methods.

Note 2: Long-term investment and investment gains and losses have been recognized by using the equity method based on the financial statements of the investee companies reviewed by the Group's auditors.

Note 3: Long-term investment and investment gains or losses have been eliminated in the preparation of the consolidated financial statements.

Note 4: The Company is not a Taiwan local company, so no investment amount is shown.

Note 5: The book value at end of period were calculated by using the exchange rate on September 30, 2023 (BS exchange rate RMB:TWD=1:4.4654).The net income (loss) of the investee company and investment gains (losses) recognized by the parent company were calculated by the average exchange rate (IS exchange rate RMB:TWD=1:4.3985).

(ii) Limitation on investment in China: None.

(iii) Significant transactions in China: None.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders:

Unit: share			
Shareholder's Name	Shareholding	Shares	Percentage
Lu Yan Xian		11,100,000	5.84 %

Note:(1) The main shareholder information of this table is calculated by Taiwan Depositor & Clearing Corporation (TDCC) using information that shareholder acquired more than 5% of common share and preferred share have been completed non-physical delivered. There might be a difference between share capital on the financial report and the actual share that have completed non-physical delivered due to different basis of accounting.

(2) Percentage of ownership is chopped to the second decimal place.

(14) Segment information:

The Group's operating segment information and reconciliation are as follows:

	For the three months ended September 30			
	2023			
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 3,086,152	10,448	-	3,096,600
Intersegment revenues	11,780	56,475	(68,255)	-
Total revenue	<u>\$ 3,097,932</u>	<u>66,923</u>	<u>(68,255)</u>	<u>3,096,600</u>
Reportable segment profit or loss	<u>\$ (167,912)</u>	<u>(11,089)</u>	<u>(1,811)</u>	<u>(180,812)</u>
	For the three months ended September 30			
	2022			
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 3,182,454	22,031	(5,395)	3,199,090
Intersegment revenues	20,633	35,890	(56,523)	-
Total revenue	<u>\$ 3,203,087</u>	<u>57,921</u>	<u>(61,918)</u>	<u>3,199,090</u>
Reportable segment profit or loss	<u>\$ 109,347</u>	<u>(7,367)</u>	<u>(4,562)</u>	<u>97,418</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30			
	2023			
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 9,493,579	49,525	-	9,543,104
Intersegment revenues	54,306	172,378	(226,684)	-
Total revenue	<u>\$ 9,547,885</u>	<u>221,903</u>	<u>(226,684)</u>	<u>9,543,104</u>
Reportable segment profit or loss	<u>\$ (409,088)</u>	<u>(25,153)</u>	<u>(3,371)</u>	<u>(437,612)</u>
	For the nine months ended September 30			
	2022			
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 11,294,758	22,031	(1,419)	11,315,370
Intersegment revenues	34,315	200,018	(234,333)	-
Total revenue	<u>\$ 11,329,073</u>	<u>222,049</u>	<u>(235,752)</u>	<u>11,315,370</u>
Reportable segment profit or loss	<u>\$ 945,687</u>	<u>(26,344)</u>	<u>(10,978)</u>	<u>908,365</u>

For the three months and nine months ended September 30, 2023 and 2022, the adjustments and eliminations of the intersegment net profit to the reportable segment gain (loss) were \$(1,811) thousand, \$(4,562) thousand, \$(3,371) thousand and \$(10,978) thousand, respectively.